

HB4981



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB4981

by Rep. David Harris

SYNOPSIS AS INTRODUCED:

30 ILCS 540/3-2

Amends the State Prompt Payment Act. Provides that, for bills paid on or after the effective date, the interest penalty shall be 0.75% per month (currently, 1% per month). Effective immediately.

LRB099 20182 HLH 44632 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The State Prompt Payment Act is amended by
5 changing Section 3-2 as follows:

6 (30 ILCS 540/3-2)

7 Sec. 3-2. Beginning July 1, 1993, in any instance where a
8 State official or agency is late in payment of a vendor's bill
9 or invoice for goods or services furnished to the State, as
10 defined in Section 1, properly approved in accordance with
11 rules promulgated under Section 3-3, the State official or
12 agency shall pay interest to the vendor in accordance with the
13 following:

14 (1) Any bill, except a bill submitted under Article V
15 of the Illinois Public Aid Code and except as provided
16 under paragraph (1.05) of this Section, approved for
17 payment under this Section must be paid or the payment
18 issued to the payee within 60 days of receipt of a proper
19 bill or invoice. If payment is not issued to the payee
20 within this 60-day period, an interest penalty of 1.0% of
21 any amount approved and unpaid shall be added for each
22 month or fraction thereof after the end of this 60-day
23 period, until final payment is made. Any bill, except a

1 bill for pharmacy or nursing facility services or goods,
2 and except as provided under paragraph (1.05) of this
3 Section, submitted under Article V of the Illinois Public
4 Aid Code approved for payment under this Section must be
5 paid or the payment issued to the payee within 60 days
6 after receipt of a proper bill or invoice, and, if payment
7 is not issued to the payee within this 60-day period, an
8 interest penalty of 2.0% of any amount approved and unpaid
9 shall be added for each month or fraction thereof after the
10 end of this 60-day period, until final payment is made. Any
11 bill for pharmacy or nursing facility services or goods
12 submitted under Article V of the Illinois Public Aid Code,
13 except as provided under paragraph (1.05) of this Section,
14 and approved for payment under this Section must be paid or
15 the payment issued to the payee within 60 days of receipt
16 of a proper bill or invoice. If payment is not issued to
17 the payee within this 60-day period, an interest penalty of
18 1.0% of any amount approved and unpaid shall be added for
19 each month or fraction thereof after the end of this 60-day
20 period, until final payment is made.

21 (1.05) For State fiscal year 2012 and future fiscal
22 years, any bill approved for payment under this Section
23 must be paid or the payment issued to the payee within 90
24 days of receipt of a proper bill or invoice. If payment is
25 not issued to the payee within this 90-day period, then,
26 (i) for bills paid prior to this amendatory Act of the 99th

1 General Assembly, an interest penalty of 1.0% of any amount
2 approved and unpaid shall be added for each month, or
3 0.033% (one-thirtieth of one percent) of any amount
4 approved and unpaid for each day, after the end of this
5 90-day period, until final payment is made, and (ii) for
6 bills paid on or after this amendatory Act of the 99th
7 General Assembly, an interest penalty of 0.75% of any
8 amount approved and unpaid shall be added for each month,
9 or 0.025% (one-thirtieth of 0.75%) of any amount approved
10 and unpaid for each day, after the end of this 90-day
11 period until final payment is made.

12 (1.1) A State agency shall review in a timely manner
13 each bill or invoice after its receipt. If the State agency
14 determines that the bill or invoice contains a defect
15 making it unable to process the payment request, the agency
16 shall notify the vendor requesting payment as soon as
17 possible after discovering the defect pursuant to rules
18 promulgated under Section 3-3; provided, however, that the
19 notice for construction related bills or invoices must be
20 given not later than 30 days after the bill or invoice was
21 first submitted. The notice shall identify the defect and
22 any additional information necessary to correct the
23 defect. If one or more items on a construction related bill
24 or invoice are disapproved, but not the entire bill or
25 invoice, then the portion that is not disapproved shall be
26 paid.

1 (2) Where a State official or agency is late in payment
2 of a vendor's bill or invoice properly approved in
3 accordance with this Act, and different late payment terms
4 are not reduced to writing as a contractual agreement, the
5 State official or agency shall automatically pay interest
6 penalties required by this Section amounting to \$50 or more
7 to the appropriate vendor. Each agency shall be responsible
8 for determining whether an interest penalty is owed and for
9 paying the interest to the vendor. Except as provided in
10 paragraph (4), an individual interest payment amounting to
11 \$5 or less shall not be paid by the State. Interest due to
12 a vendor that amounts to greater than \$5 and less than \$50
13 shall not be paid but shall be accrued until all interest
14 due the vendor for all similar warrants exceeds \$50, at
15 which time the accrued interest shall be payable and
16 interest will begin accruing again, except that interest
17 accrued as of the end of the fiscal year that does not
18 exceed \$50 shall be payable at that time. In the event an
19 individual has paid a vendor for services in advance, the
20 provisions of this Section shall apply until payment is
21 made to that individual.

22 (3) The provisions of Public Act 96-1501 reducing the
23 interest rate on pharmacy claims under Article V of the
24 Illinois Public Aid Code to 1.0% per month shall apply to
25 any pharmacy bills for services and goods under Article V
26 of the Illinois Public Aid Code received on or after the

1 date 60 days before January 25, 2011 (the effective date of
2 Public Act 96-1501) except as provided under paragraph
3 (1.05) of this Section.

4 (4) Interest amounting to less than \$5 shall not be
5 paid by the State, except for claims (i) to the Department
6 of Healthcare and Family Services or the Department of
7 Human Services, (ii) pursuant to Article V of the Illinois
8 Public Aid Code, the Covering ALL KIDS Health Insurance
9 Act, or the Children's Health Insurance Program Act, and
10 (iii) made (A) by pharmacies for prescriptive services or
11 (B) by any federally qualified health center for
12 prescriptive services or any other services.

13 (Source: P.A. 96-555, eff. 8-18-09; 96-802, eff. 1-1-10;
14 96-959, eff. 7-1-10; 96-1000, eff. 7-2-10; 96-1501, eff.
15 1-25-11; 96-1530, eff. 2-16-11; 97-72, eff. 7-1-11; 97-74, eff.
16 6-30-11; 97-348, eff. 8-12-11; 97-813, eff. 7-13-12; 97-932,
17 eff. 8-10-12; 97-1142, eff. 12-28-12.)

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.